

# NEWS RELEASE

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## **Former Employee Pleads Guilty to Defrauding Mt. Zion Bank of \$80,000**

Urbana, IL - A former bank employee pled guilty today to defrauding her employer of approximately \$80,000. Sandra Johnston, age 43, of Shelbyville, Illinois, waived indictment and pled guilty to an information charging her with bank fraud. Sentencing has been scheduled for February 3, 2006, at 11:00 a.m. in Urbana.

During her court hearing today before Chief Judge Michael P. McCuskey, Johnston admitted that she embezzled bank funds from 1994 to 2001, when she was employed as a loan administrator at Prairie State Bank in Mt. Zion, Illinois. In her assignment as student loans administrator, Johnston admitted that when the loans were subsequently purchased by another institution and the bank was reimbursed for the loan amounts, she did not always credit the funds to Prairie State Bank and instead credited the funds to her account. On one occasion, Johnston admitted crediting \$47,503 in loan reimbursements due to Prairie State Bank to her own account.

Johnston further admitted that she used a variety of methods to conceal her embezzlement from bank officials. Without customer knowledge or permission, she admitted she occasionally increased the amount of the withdrawal bank customers sought to make against a loan account balance and credited the additional funds to her own account. Johnston also hid shortfalls by increasing customer loan amounts so it appeared that the bank's books were balanced. Further, Johnston admitted she obtained a personal loan, but failed to list any borrower as the loan recipient on internal bank documents, thereby preventing the bank from identifying her as the loan recipient.

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At sentencing, the maximum statutory penalty for bank fraud is up to 30 years imprisonment and / or a fine of up to \$1,000,000. The judge may also order the defendant to pay restitution to the bank for the amount of the loss; however, during today's court proceedings the parties agreed that restitution has already been paid to the bank.

The charge is a result of an investigation by the Federal Deposit Insurance Corporation (FDIC) and the Federal Bureau of Investigation. The case is being prosecuted by Hilary W. Frooman, Assistant U.S. Attorney, of the Urbana division.

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